

**WEST HAVEN CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS
YEAR ENDED JUNE 30, 2011**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
West Haven City

We have audited the accompanying financial statements of the governmental activities and each major fund of West Haven City, Utah, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Haven City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of West Haven City, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011, on our consideration of West Haven City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and pages 23 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide anv assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Haven City's financial statements as a whole. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wood Richards & Associates, PC

Ogden, UT
December 19, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST HAVEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2011

INTRODUCTION

The following is a discussion and analysis of West Haven City's financial performance and activities for the fiscal year ending June 30, 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

The government-wide financial statements are comprised of the Statement of Net Assets, and the Statement of Activities. These two statements provide a broad overview of the City's finances. The Statement of Net Assets shows the overall net assets of the City. Increases and decreases in net assets are one indicator of the City's overall financial condition. The Statement of Activities helps to identify functions of the City that are principally supported by taxes and other general revenues (governmental activities).

This discussion and analysis is an introduction to the City's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The government-wide financial statements include not only the West Haven City itself (known as the primary government), but also a legally separate West Haven Special Service District which operates a sewer system for which West Haven City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The fund financial statements provide detailed information about individual major funds and not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds are governmental type funds.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

West Haven City has one Governmental Fund. The General Fund is the chief operating fund of the City. All of the City's activities are reported in the General Fund unless there is a compelling reason to report an activity in some other fund type.

There are several differences between government-wide and fund statements. Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements. Capital outlays result in capital assets on the government-wide statements, but are expenditures on the governmental fund statements.

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

	Governmental Activities	
	June 30 2011	June 30 2010
Current and other assets	\$ 2,473,347	\$ 4,446,305
Capital assets	21,012,278	19,167,072
Total assets	23,485,625	23,613,377
Long-term liabilities outstanding	-	-
Other liabilities	214,553	311,428
Total liabilities	214,553	311,428
Net assets:		
Invested in capital assets, net of related debt	21,012,278	19,167,072
Restricted	1,749,438	3,394,386
Unrestricted	509,356	740,491
Total net assets	\$ 23,271,072	\$ 23,301,949

One component of the City's net assets, 90%, reflects investments in capital assets (land, buildings, equipment, and infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net assets comprise 8% of total net assets and are subject to external restrictions on how they may be used. The remaining 2% of net assets is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

Governmental Activities and Business Type Activities

Changes in Net Assets

	Governmental Activities	
	June 30 2011	June 30 2010
Revenues:		
Program revenues:		
Charges for services	\$ 877,848	\$ 1,353,532
Operating grants and contributions	348,103	320,279
Capital grants and contributions	508,072	568,187
General revenues:		
Sales taxes	1,349,827	1,303,486
Other taxes	220,095	198,922
Unrestricted investment earnings	14,608	31,421
Total revenues	3,318,553	3,775,827
Expenses:		
General government	1,005,366	1,026,749
Public safety	473,167	449,839
Highways and public improvements	1,452,041	1,266,862
Community development	-	8,021
Parks and recreation	418,856	395,473
Interest-long term debt	-	7,642
Total expenses	3,349,430	3,154,586

Changes in Net Assets (Continued)

	Governmental Activities	
	June 30 2011	June 30 2010
Increase in net assets	\$ (30,877)	\$ 621,241
Net assets-beginning	23,301,949	22,680,708
Net assets-ending	<u>\$ 23,271,072</u>	<u>\$ 23,301,949</u>

Governmental Activities

The activities in the governmental funds resulted in a decrease in net assets of \$30,877 for the year.

Capital Assets

West Haven City added \$2,541,391 in new capital assets in governmental activities during the fiscal year. The following assets were acquired or constructed: Park improvements \$449,729; Road improvements \$1,882,069; Machinery and equipment \$74,647; Storm drain improvements \$117,884; and Buildings \$17,062.

Fund Balances

The fund balance in the General Fund was decreased by \$1,876,036. As of June 30, 2011, the following were set aside as reserves: \$45,738 for park impact fees, \$291,040 for storm drain impact fees, \$359,775 for storm water maintenance, \$190,149 for Class "C" roads, and \$862,736 for road impact fees.

The total combined ending fund balance in the General Fund was \$2,280,472. The unreserved fund balance, which is available for spending at the government's discretion was \$531,034.

General Fund Budgets

West Haven City prepares its budget according to state statutes. The General Fund Budget was adjusted during the year to meet the needs of growth in the City.

Actual General Fund revenues were \$2,245 below the original budget and \$106,989 above the final adjusted budget. Actual General Fund expenses before transfers were \$112,159 below the original budget and \$795,159 below the final adjusted budget.

ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of West Haven City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or any other matters related to the City's finances should be addressed to West Haven City, 4150 South 3900 West, West Haven, Utah 84401.

BASIC FINANCIAL STATEMENTS

WEST HAVEN CITY
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government	Component Units
	Governmental Activities	West Haven Special Service District
ASSETS		
Cash and cash equivalents	\$ 219,132	\$ 2,397,460
Due from other governmental units	413,649	-
Accounts receivable (net of allowance for uncollectibles)	65,188	177,337
Prepaid expenses	25,940	-
Restricted cash and cash equivalents	1,749,438	1,196,464
Capital assets:		
Land	976,762	-
Water stock	11,204	-
Infrastructure	15,455,374	20,411,170
City park and parkway	3,665,280	-
City center	2,929,343	-
Buildings	1,587,075	-
Office furniture and fixtures	121,719	9,323
Machinery and equipment	307,089	169,286
Vehicles	314,224	-
Less accumulated depreciation	(4,355,792)	(3,680,965)
Total capital assets, net	21,012,278	16,908,814
Total assets	23,485,625	20,680,075
LIABILITIES		
Accounts payable	130,040	41,216
Accrued liabilities	34,335	146,285
Construction bonds	28,500	-
Non-current liabilities:		
Due within one year	21,678	495,000
Due in more than one year	-	8,361,700
Total liabilities	214,553	9,044,201
NET ASSETS		
Invested in capital assets, net of related debt	21,012,278	8,052,115
Restricted net assets	1,749,438	1,196,464
Unrestricted net assets	509,356	2,387,295
TOTAL NET ASSETS	\$ 23,271,072	\$ 11,635,874

The accompanying notes are an integral part of these statements.

WEST HAVEN CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General Government	\$ 1,005,366	\$ 436,182	\$ -	\$ -
Community Development	-	-	-	-
Highways and Public Improvements	1,452,041	231,212	340,558	205,969
Parks and Recreation	418,856	145,039	-	302,103
Public Safety	473,167	65,415	7,545	-
Interest on Long-term Debt	-	-	-	-
Total governmental activities	<u>3,349,430</u>	<u>877,848</u>	<u>348,103</u>	<u>508,072</u>
Total primary government	<u>\$ 3,349,430</u>	<u>\$ 877,848</u>	<u>\$ 348,103</u>	<u>\$ 508,072</u>
COMPONENT UNITS:				
West Haven Special Service District	<u>\$ 1,239,674</u>	<u>\$ 1,543,116</u>	<u>\$ -</u>	<u>\$ 19,768</u>
General revenues:				
Taxes and special assessments:				
Sales				
Room				
Franchise and telecommunications taxes				
Unrestricted investment earnings				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

The accompanying notes are an integral part of these statements.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	West Haven Special Service District	
\$ (569,184)	\$ -	\$ (569,184)	\$ -	-
-	-	-	-	-
(674,302)	-	(674,302)	-	-
28,286	-	28,286	-	-
(400,207)	-	(400,207)	-	-
-	-	-	-	-
(1,615,407)	-	(1,615,407)	-	-
(1,615,407)	-	(1,615,407)	-	-
			323,210	
1,349,827	-	1,349,827	-	-
52,745	-	52,745	-	-
167,350	-	167,350	-	-
14,608	-	14,608	17,178	
1,584,530	-	1,584,530	17,178	
(30,877)	-	(30,877)	340,388	
23,301,949	-	23,301,949	11,295,486	
\$ 23,271,072	\$ -	\$ 23,271,072	\$ 11,635,874	

WEST HAVEN CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 219,132
Due from other governmental units	413,649
Accounts receivable	65,188
Prepaid expenses	25,940
Restricted assets:	
Cash and cash equivalents	<u>1,749,438</u>
Total assets	<u><u>\$ 2,473,347</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 130,040
Accrued liabilities	34,335
Construction bonds	<u>28,500</u>
Total liabilities	<u>192,875</u>
Fund balances:	
Nonspendable:	
Prepays	25,940
Restricted for:	
Class "C" Road	190,149
Park Impact Fees	45,738
Storm Drain Impact Fees	291,040
Storm Water Maintenance	359,775
Road Impact Fees	862,736
Unassigned	<u>505,094</u>
Total fund balances	<u>2,280,472</u>
Total liabilities and fund balances	<u><u>\$ 2,473,347</u></u>

The accompanying notes are an integral part of these statements.

WEST HAVEN CITY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances - governmental funds: \$ 2,280,472

Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported in the
governmental funds, but they are reported in the Statement
of Net Assets. Capital assets consist of the following:

Infrastructure	\$ 15,455,374	
City park and parkway	3,831,870	
City center	3,608,860	
Buildings	1,587,075	
Office furniture and fixtures	121,719	
Machinery and equipment	307,089	
Vehicles	314,224	
Cemetery	141,860	
Accumulated depreciation	<u>(4,355,793)</u>	
		21,012,278

Long-term debt, including bonds payable and compensated
absences, are not due and payable in the current period and
therefore not reported in the funds, but they are reported
in the Statement of Net Assets

Compensated absences	<u>(21,678)</u>
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Net assets of governmental activities	<u><u>\$ 23,271,072</u></u>
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The accompanying notes are an integral part of these statements.

WEST HAVEN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund
REVENUES	
Taxes	\$ 1,768,589
Licenses and permits	270,389
Intergovernmental revenue	348,103
Charges for services	751,191
Fines and forfeitures	65,415
Miscellaneous revenue	106,868
Total revenues	<u>3,310,555</u>
EXPENDITURES	
Current:	
General government	915,066
Public safety	469,181
Highways and public improvements	2,940,185
Parks and recreation	844,254
Miscellaneous	17,905
Total expenditures	<u>5,186,591</u>
Excess (deficiency) of revenues over expenditures	(1,876,036)
Fund balances - beginning of year	<u>4,156,508</u>
Fund balances - end of year	<u><u>\$ 2,280,472</u></u>

The accompanying notes are an integral part of these statements.

WEST HAVEN CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Net changes in fund balances - total governmental funds \$ (1,876,036)

Amounts reported for governmental activities in the Statement of
Activities are different because:

Capital outlays are reported as expenditures in governmental
funds. However, in the Statement of Activities, the cost of
capital assets is allocated over their estimated useful lives
as depreciation expense. In the current year, these
amounts were as follows:

Capital outlays	\$ 2,675,251	
Depreciation expense	<u>(837,885)</u>	
		1,837,366

Some expenses reported in the Statement of Activities
do not require the use of current financial resources and,
therefore, are not reported as expenditures in
governmental funds.

Compensated absences	(47)
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Donations of capital assets increase net assets in the
Statement of Activities, but do not appear in the
funds because they are not financial resources.

Infrastructure	8,000	
Depreciation expense	<u>(160)</u>	
		<u>7,840</u>

Change in net assets of governmental activities	<u><u>\$ (30,877)</u></u>
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The accompanying notes are an integral part of these statements.

WEST HAVEN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of West Haven City, Utah conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The City has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the more significant policies and is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

West Haven City was incorporated under the laws of the State of Utah. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: Public safety (police and inspection), highways and streets, culture-recreation, public improvements, planning and zoning, and general administrative services.

The criteria set forth by generally accepted accounting principles (GAAP) was used to determine which entities to include in this report. GASB Concepts Statement-1 (Objectives of Financial Reporting) concludes that the basic foundation for governmental financial reporting is accountability. The Concepts Statement asserts that accountability requires governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used. In turn, the concept of accountability becomes the basis for defining the financial reporting entity. Under GASB-14 (The Financial Reporting Entity) the financial reporting entity consists of the following:

1. The primary government
2. Organizations for which the primary government is financially accountable
3. Other organizations that, because of the nature and significance of their relationship with the primary government, exclusion from the reporting entity would render the financial statements misleading or incomplete.

Blended component units: Blended component units, although legally separate entities, are in substance part of the government's operations. They are reported as part of the primary government and blended with the appropriate funds.

On July 16, 2003, the City adopted an ordinance creating the West Haven City Redevelopment Agency and designating the City Council of West Haven as the governing body of the Agency. There was no financial activity in the component unit during the year ended June 30, 2011.

Discretely presented component units: The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from West Haven City.

The West Haven Special Service District provides sewer and water services to residents of the City. The Board of Directors of the Special Service District includes some members of the West Haven City Council. West Haven City bills the District monthly for contracted services and maintenance. The discretely presented

WEST HAVEN CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

financial statements are for the year ended June 30, 2011, which is the same as the City's year end. The District is presented as an enterprise fund type. Complete financial statements for the component unit may be obtained at the entity's administrative offices.

B. Government-wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Assets* presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The financial transactions of the City are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Statements are provided for *governmental funds*. For governmental funds, the emphasis is on *major funds*, with each displayed in a separate column.

The City reports the following major governmental fund:

General Fund - This fund is the principal operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the

WEST HAVEN CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

D. Assets, Liabilities, and Fund Balances/Net Assets

The following are the City's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

Pooled Cash and Temporary Investments

Unrestricted and restricted cash balances of both funds are combined to form a pool of cash which is managed by the City Treasurer. Utah State Statutes allow for investments in the Utah Public Treasurer's Investment Fund and Utah Money Management Act (UMMA) approved financial institutions. The UMMA provides for a committee to evaluate financial institutions and provide a list of those qualified as depositories for public funds, including the amount they are authorized to maintain over and above insured amounts. The City Treasurer invests unrestricted and restricted cash with the Utah Public Treasurer's Investment Fund and with local financial institutions. Investments in the pooled cash fund consist primarily of certificates of deposit, repurchase agreements, and time deposits and are carried at cost which approximates market value. Interest income earned as a result of pooling is distributed to the appropriate funds based on month end balances of cash. The City considers all highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Inventories

No significant inventories are maintained by the City, therefore none are reflected in these statements.

Restricted Assets

Certain resources set aside as reserves in accordance with council resolutions and State statutes are classified as restricted assets on the balance sheet because their use is limited.

Capital Assets

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds.

Capital assets are reported in the governmental column in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Infrastructure capital assets which are newly constructed are capitalized. The City currently has infrastructure assets recorded.

WEST HAVEN CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Assets (Continued)

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Improvements	25-50 years
Equipment	5-7 years
Infrastructure	25-50 years

Long-term Obligations

In the government-wide statements, long-term debt obligations are reported as liabilities.

The face amount of debt issued is reported as other financing sources in the governmental fund financial statements.

Equity

Fund financial statements:

In February 2009, GASB issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

- a. Non-spendable - Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance - Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provision or enabling legislation, or restrictions set by creditors, grantors, or contributors.
- c. Committed fund balance - Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City council likewise formally changes the use.
- d. Assigned fund balance - Fund balances are reported as assigned when the City Council or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance - Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless City Council has provided otherwise in its commitment or assignment actions.

WEST HAVEN CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Assets (Continued)

Equity (Continued)

Government-wide statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is City's policy to first apply restricted resources when the expense is incurred for purposes for which both restricted and unrestricted net assets are available.

E. Revenues and Expenditures

The following are the City's significant policies related to recognition and reporting of certain revenues, expenditures, and interfund activity.

Revenue Availability

Under the modified accrual basis of accounting, revenues are considered to be "available" when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues, if applicable, to be available if they are collected within 60 days after the end of the current year. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues, including sales taxes, are considered to be available if they are collected within 60 days after year-end.

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the City generally uses restricted resources first, then unrestricted resources.

WEST HAVEN CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year end. Encumbrance accounting is not used by the City.

Summary of City Budget Procedures and Calendar

1. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance.
2. A budget is required by the State of Utah for the General Fund.
3. Each year the City publishes a separate budget document prepared according to this legal level of control.
4. The City's budget is a Financial Plan of all estimated revenues and all appropriations for expenditures. Revenues and Expenditures must balance for the funds required by the State Code as indicated in item 2 above.
5. A tentative budget is presented by the Mayor to the City Council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the Council no later than June 22.
6. The tentative budget is a public record and is available for inspection at the City offices for at least ten days prior to adoption of the final budget.
7. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing.
8. The public hearing on the tentatively adopted budget is held no later than June 22. Final adjustments are made to the tentative budget by the Council after the public hearing.
9. Occasionally the City Council will exercise their option to open the budget to indicate additional financing sources that become available.
10. The final budget is adopted by ordinance before June 22 and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.
11. A budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

Summary of Action Required for Budget Changes:

The Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.

Fund budgets may be increased by resolution after a public hearing.

G. Compensated Absences

City policy provides for vested or accumulated vacation leave. The balance at June 30, 2011 was \$21,678.

H. Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WEST HAVEN CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Restricted Resources

The City's policy is to use restricted resources first to fund appropriations when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

The City's deposits are carried at cost.

At June 30, 2011, the carrying amount of the City's deposits was \$33,423. The bank balance was \$126,831, which was covered by FDIC depository insurance.

B. Investments

At year-end investments consist of the following:

Funds in the Utah Public Treasurer's Investment Fund. This investment is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act. The investment is not categorized as to credit risk because it does not represent a security that exists in physical or book entry form. Investments are carried at cost which approximates their fair value.

	Carrying Amount	Market Value
Investments not subject to categorizations:		
Utah Public Treasurer's Investment Fund	\$ 1,934,147	\$ 1,945,826

C. Summary - Deposits and investments

	Carrying Amount
Petty cash	\$ 1,000
Deposits	33,423
Investment in Utah Public Treasurer's Investment Fund	1,934,147
Total deposits and investments	\$ 1,968,570
Equity in pooled cash and equivalents	\$ 219,132
Restricted cash - General Fund	1,749,438
Total deposits and investments	\$ 1,968,570

WEST HAVEN CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Summary - Deposits and investments (Continued)

Deposit and Investment Risk Disclosure. Deposits and investments for West Haven City are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commission of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Custodial credit risk - investments . For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's policy for limiting credit risk for investments is to comply with the Money Management Act. The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized basis. The income, gains and losses, net of administrative fees, of the PTIF are allocated based upon the participant's average daily balance. The PTIF pool has not been rated.

Credit risk. Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

Interest rate risk. Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of credit risk. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

WEST HAVEN CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	(Deletions)	Balance June 30, 2011
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
Nondepreciated Assets				
Water shares	\$ 11,204	\$ -	\$ -	\$ 11,204
Land	834,902	141,860	-	976,762
Total nondepreciated assets	846,106	141,860	-	987,966
Depreciated Assets				
Street lights	86,000	-	-	86,000
Storm drain system	4,296,256	117,884	-	4,414,140
Buildings	4,499,356	17,062	-	4,516,418
Improvements	3,215,551	449,729	-	3,665,280
Roads	9,073,165	1,882,069	-	10,955,234
Machinery and equipment	668,385	74,647	-	743,032
Total depreciated assets	21,838,713	2,541,391	-	24,380,104
Less accumulated depreciation				
Street lights	(7,250)	(2,150)	-	(9,400)
Storm drain system	(266,968)	(87,770)	-	(354,738)
Buildings	(563,015)	(114,358)	-	(677,373)
Machinery and equipment	(491,112)	(66,322)	-	(557,434)
Roads	(1,213,320)	(401,252)	-	(1,614,572)
Improvements	(976,082)	(166,193)	-	(1,142,275)
Total	(3,517,747)	(838,045)	-	(4,355,792)
Net assets depreciated	18,320,966	1,703,346	-	20,024,312
Governmental activities capital assets, net	\$ 19,167,072	\$ 1,845,206	\$ -	\$ 21,012,278

DEPRECIATION EXPENSE

Depreciation expense of governmental activities was charged to functions as follows:

General government	\$ 89,410
Public safety	3,986
Parks and recreation	166,193
Highways and public improvements	578,456
TOTAL	\$ 838,045

WEST HAVEN CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 4 - LONG-TERM DEBT

Compensated Absences outstanding at year end are as follows:

Description	Interest Rate	Outstanding June 30, 2010	Additions	Payments	Outstanding June 30, 2011	Current Portion
Compensated Absences		\$ 21,631	\$ 47	\$ -	\$ 21,678	\$ -
		<u>\$ 21,631</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 21,678</u>	<u>\$ -</u>

NOTE 5 - RESTRICTIONS OF FUND BALANCE

Restricted for Class "C" Roads - This represents the excess of Class "C" Road funds received over the amount spent.

Restricted for Impact Fees - This represents the excess Impact Fees funds received over the amount spent.

Restricted for Storm Water Maintenance - This represents storm water utility fees restricted for storm water maintenance.

NOTE 6 - RISK MANAGEMENT

West Haven City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance and participate in a public entity risk pool – the Utah Government Trust. The City maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include automobile, general liability, property bond (employee dishonesty), treasurer, public officials and officers, excess liability, and workman's compensation. As of June 30, 2011, there is no anticipation of unpaid claims. Therefore, a liability is not accrued. Settlement amounts have not exceeded coverage for the current year or the three prior years.

WEST HAVEN CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 7 - PENSION PLANS AND RETIREMENT BENEFITS

Plan Description. West Haven City contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System and Public Safety Retirement System for employers with Social Security coverage, cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes general-purpose financial statements and required supplementary information for the Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. In the Local Governmental Noncontributory Retirement System, West Haven City is required to contribute 13.37% of plan members annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Local Governmental System - Noncontributory

Actual City contributions made, by year - Employer:

2011	\$	79,023
2010	\$	64,818
2009	\$	60,665

West Haven City also participates in a defined contribution 401k plan for employees. The contributions were as follows:

	<u>Employee</u>	<u>Employer</u>
2011	\$ 3,155	\$ 7,039
2010	\$ 1,733	\$ 7,019
2009	\$ 1,617	\$ 7,019

NOTE 8 - POST-EMPLOYMENT BENEFITS

West Haven City provides no post-employment benefits for employees, other than COBRA requirements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

WEST HAVEN CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	GENERAL FUND			Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
<u>REVENUES:</u>				
Taxes				
RAMP tax	\$ 206,000	\$ 198,666	\$ 198,666	\$ -
Room tax	-	50,000.00	52,746	2,746
Sales taxes	1,250,000	1,320,000	1,349,827	29,827
Telecommunications taxes	160,000	160,000	151,340	(8,660)
Franchise tax	9,000	17,000	16,010	(990)
Total taxes	1,625,000	1,745,666	1,768,589	22,923
Licenses and Permits				
Business licenses	84,000	88,000	90,717	2,717
Building permits	190,000	115,000	137,355	22,355
Miscellaneous building fees	60,000	30,000	42,317	12,317
Total licenses and permits	334,000	233,000	270,389	37,389
Charges for Services				
Road impact fees	250,000	150,000	160,569	10,569
Storm water impact fees	90,000	40,000	37,400	(2,600)
Park impact fees	170,000	100,000	103,437	3,437
Administrative services - WHSSD	73,200	73,200	73,200	-
Maintenance services - WHSSD	85,200	85,200	85,200	-
Subdivision reimbursements	5,000	5,000	12,543	7,543
Heritage Days	12,000	12,000	17,093	5,093
Park rental fees	5,000	5,000	5,928	928
Recreation fees	100,000	110,000	106,717	(3,283)
Recreation concessions	20,000	20,000	15,301	(4,699)
Miscellaneous services	500	1,000	334	(666)
Storm water utility fees	130,000	140,000	133,469	(6,531)
Total charges for services	940,900	741,400	751,191	9,791
Intergovernmental				
Class "C" Road	280,000	300,000	340,558	40,558
Liquor fund	9,900	7,500	7,545	45
Total intergovernmental	289,900	307,500	348,103	40,603
Fines & Forfeitures	90,000	70,000	65,415	(4,585)
Miscellaneous revenues				
Interest earnings	30,000	20,000	14,608	(5,392)
Miscellaneous	3,000	86,000	92,260	6,260
Total miscellaneous revenues	33,000	106,000	106,868	868
Total revenues	3,312,800	3,203,566	3,310,555	106,989

WEST HAVEN CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	GENERAL FUND			Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts			
EXPENDITURES:	Original	Final	Actual	
General government				
Legislative	\$ 119,400	\$ 119,400	\$ 109,555	\$ 9,845
Executive	35,000	30,000	22,648	7,352
Administration	391,000	361,000	342,531	18,469
Non-departmental	169,000	169,000	130,063	38,937
General government buildings	20,000	20,000	20,661	(661)
Planning committee	41,400	41,400	41,400	-
Planning, zoning and engineering	112,000	112,000	100,812	11,188
Heritage Days	40,000	40,000	50,001	(10,001)
Community promotion	30,000	35,000	32,142	2,858
Building maintenance and utilities	85,000	70,000	65,253	4,747
Total general government	1,042,800	997,800	915,066	82,734
Public safety				
Police	350,000	350,000	332,168	17,832
Crossing guards	34,000	34,000	21,344	12,656
Liquor law enforcement	10,000	10,000	10,000	-
Protective inspection	84,000	79,000	75,442	3,558
Cert	10,000	10,000	8,281	1,719
Animal services	15,000	20,000	21,946	(1,946)
Total public safety	503,000	503,000	469,181	33,819
Highways and public improvement				
Highways - public works	588,200	588,200	496,729	91,471
Class "C" Road	345,000	375,000	302,368	72,632
Road equipment	77,500	235,500	230,937	4,563
Road impact fee	1,470,000	1,850,000	1,717,779	132,221
Storm drain impact fee	377,000	377,000	117,884	259,116
Storm drain maintenance	130,000	130,000	74,488	55,512
Total highways and public improvement	2,987,700	3,555,700	2,940,185	615,515
Parks and recreation				
RAMP	206,000	198,666	198,666	-
Parks	264,250	301,584	269,367	32,217
Parkway	30,000	10,000	14,334	(4,334)
Recreation	230,000	230,000	220,027	9,973
Cemetery	-	160,000	141,860	18,140
Total parks and recreation	730,250	900,250	844,254	55,996
Community development				
Economic development	10,000	-	-	-
Miscellaneous	25,000	25,000	17,905	7,095
Total expenditures	5,298,750	5,981,750	5,186,591	795,159
Excess (deficiency) of revenues over expenditures	(1,985,950)	(2,778,184)	(1,876,036)	902,148
Fund balance - beginning of year	4,156,508	4,156,508	4,156,508	-
Fund balance - end of year	\$ 2,170,558	\$ 1,378,324	\$ 2,280,472	\$ 902,148

AUDITORS' REPORTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and City Council
West Haven City

We have audited the financial statements of the governmental activities and each major fund of West Haven City as of and for the year ended June 30, 2011, which collectively comprise West Haven City's basic financial statements and have issued our report thereon dated December 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered West Haven City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Haven City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Haven City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Haven City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

December 19, 2011
Page 2

We noted certain other matters that we reported to management of West Haven City, in a separate letter dated December 19, 2011.

This report is intended solely for the information and use of management and the Mayor, City Council, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Wood Richard & Associates, PC

Ogden, UT
December 19, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
IN ACCORDANCE WITH THE *STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE*

The Honorable Mayor and City Council
West Haven City, Utah

We have audited West Haven City's compliance with general and major state program compliance requirements described in *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2011. The general compliance requirements applicable to the City are identified as follows:

Public Debt	Liquor Law Enforcement
Cash Management	Purchasing Requirements
C Road Funds	Budgetary Compliance
Other General Compliance Issues	Uniform Building Code Standards
Impact Fees	URS Compliance
Fund Balance	

The City received the following major assistance programs from the State of Utah:

C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, West Haven City, Utah, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the State of Utah Legal Compliance Audit Guide and which is described in the accompanying schedule of finding as items #11-01.

Independent Auditor's Report on State Legal Compliance
Page 2

Management's response to the finding identified in our audit is described in the schedule of findings. We did not audit the management's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the City, the City Council, the Mayor, and the Office of the Utah State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

Wood Richards & Associates, PC

December 19, 2011

**WEST HAVEN CITY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

STATE LEGAL COMPLIANCE

Uniform Building Code Standards:

Finding #11-1: Utah Code requires local governments to collect and remit .8% of building fees to the Division of Occupational and Professional Licensing. The remittance and associated report is due within 30 days from the end of each quarter. We found that these reports were not remitted within the required time frame.

Recommendation: We recommend the City establish a policy to ensure these reports are remitted within 30 days from each quarter.

Response: Management agrees with the recommendation and will ensure the reports are remitted within the required time frame.